



Fact Sheet

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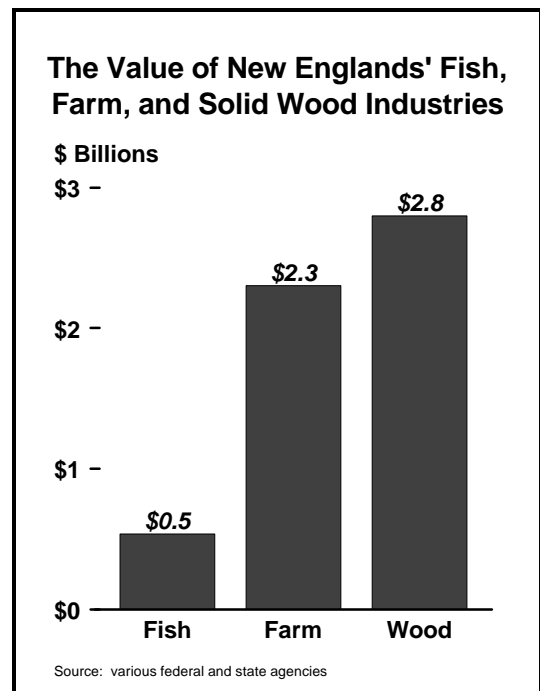
Permanent Normal Trade Relations with China **What's at Stake for New England?**

New England (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont) produces solid wood, fish, and some agricultural products that are exported worldwide. In 1998, the region's total cash receipts from farming reached \$2.3 billion. Wood product shipments totaled \$2.8 billion in 1996, and commercial fish landings were \$537 million in 1998. These industries are important to New England's economy. They create jobs on farms, in mills, and at ports, and also support jobs in related sectors, such as food processing, storage, and transportation.

Trade Benefits

The following key products are important to the New England states, and expected to reap some of the largest export gains from China's accession to the World Trade Organization (WTO).

Agricultural Products—The region's agricultural exports were estimated at \$203 million in 1998. The top five are tobacco leaf, apples, vegetables, dairy products, and processed foods. China has committed to significant and broad-based tariff reductions over the next four years for nearly all the products New England exports.



Solid Wood Products—Solid wood exports directly departing New England ports totaled \$282 million in 1998. Spurred by the elimination of certain tariffs on logs and lumber in the 1990's, China has emerged as the world's third largest wood importer. U.S. value-added wood exports to China are at record levels. Under its WTO accession agreement, China will substantially reduce its remaining tariffs on value-added wood products by 2004. Tariffs on plywood will drop from 15 percent to 4 percent. Existing tariffs set at 18 percent on particleboard, oriented strandboard, doors, windows, and flooring will drop to 4 percent, and fiberboard tariffs, currently ranging from 12-18 percent, will drop to 4-7.5 percent.

Fishery Products—Fishery products directly departing New England ports totaled \$183 million in 1998. China is a leading producer of fishery products and the world's largest inland aquaculture producer. Nevertheless, increased consumption has led to rising imports. Under its WTO accession agreement, China will cut its existing tariffs by up to 66 percent on fishery products by 2004. Now set at 20 percent, sole and herring will drop to 12 percent. Existing tariffs of 30 percent on frozen lobster and crab will fall to 15 percent and 10 percent, respectively. The 25-percent tariff on cuttle fish and squid will drop to 17 percent.